

Hocking, Wendy A - Washington, DC

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From: LaChance, Susan M - Washington, DC
Sent: Thursday, September 15, 2011 10:40 AM
To: (James.Cregan@magazine.org); (kgarner@mfsanet.org); 2kjudkins@cox.net; Art Sackler (asackler@postalcouncil.org); Ben Cooper (bycooper@wms-jen.com); Donna Hanbery (hanbery@hnclaw.com); genedp@postcom.org; Hamilton Davison (hdavison@catalogmailers.org); Jerry Cerasale (jcerasale@the-dma.org); Maynard Benjamin (mhbenjamin@envelope.org); Mury Salls (mlsalls@dstmailingservices.com); paul.boyle@naa.org; Pierce Myers (pierce@parcelshippers.org); Robert Galaher; Tony Conway (tony@nonprofitmailers.org); trush@americanpressworks.com
Cc: Owens, Sharon - Washington, DC; LaChance, Susan M - Washington, DC
Subject: Postal Service Faces New Reality and AMP Study List
Attachments: StudyList_09.15.2011.xls



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To Industry Association Executives:

I have attached to this message the list (in excel format for ease of use) of mail processing facilities that will be studied for closure and consolidation over the next few months. Additionally you will notice that I have also attached the news release related to the changes to our infrastructure.

Additional information will be sent to the mailing industry (via the customer distribution mailing lists that we maintain) later this morning.

Please let me know if you have any questions.

Susan M LaChance

From: NEWS
Sent: Thursday, September 15, 2011 10:30 AM
To: #HQ OFFICERS; #HQ OFFICERS' SECRETARIES; #AREA VICE PRESIDENTS; #AREA VP SECRETARIES; PCES Non Officers DL - All; #CorpComm; #Public Policy
Subject: Postal Service Faces New Reality

FOR IMMEDIATE RELEASE
Sept. 15, 2011 PR Contact: Sue Brennan
sue.brennan@usps.gov
202-268-6363
Release No. 11-103

Postal Service Faces New Reality
Proposes Comprehensive Changes to Nationwide Infrastructure

WASHINGTON — Faced with a massive nationwide infrastructure that is no longer financially sustainable, the U.S. Postal Service today proposed sweeping changes designed to save the organization up to \$3 billion a year by cutting its network of processing facilities by over half and adjusting service standards.

Proposals under consideration include studying nearly 250 processing facilities for possible consolidation or closure, reducing mail processing equipment by as much as 50 percent, dramatically decreasing the nationwide transportation network, adjusting the workforce size by as many as 35,000 positions, and revising service standards for First-Class Mail.

"We are forced to face a new reality today," said Postmaster General Patrick Donahoe. "First-Class Mail supports the organization and drives network requirements. With the dramatic decline in mail volume and the resulting excess capacity, maintaining a vast national infrastructure is no longer realistic. Since 2006, we have closed 186 facilities, removed more than 1,500 pieces of mail processing equipment, decreased employee complement by more than 110,000 through attrition and reduced costs by \$12 billion."

Mail volume has declined by more than 43 billion pieces in the past 5 years and is continuing to decline. First-Class Mail has dropped 25 percent and single piece First-Class Mail — letters bearing postage stamps — has declined 36 percent in the same timeframe, and nearly 50 percent in the past ten years. The decline has created substantial excess capacity within the postal processing network.

The mail processing network itself was constructed to process and deliver First-Class Mail within a 1-3 day window depending on where the mail is sent and delivered. With the proposed change, the new service standard would become 2-3 days, meaning that on average, customers would no longer receive mail the day after it was mailed. If implemented, the change in service standards would allow for significant infrastructure changes to be made across the nation.

"Our employees continue to do a terrific job for our customers and are among the most dedicated workforce anywhere. These are difficult times and our announcement today does not reflect on their commitment to service," added Donahoe.

An Advance Notice of Rulemaking pertaining to the proposed overnight service standard changes was submitted to the Federal Register earlier today. A copy of the submission can be found at the URL below. The Postal Service intends to file with the Postal Regulatory Commission this fall.

The Postal Service receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.
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An electronic news kit containing the list of processing facilities being studied, the advance notice submitted to the Federal Register, today's news conference presentation, FAQs, and additional information including mail processing b-roll, video and audio soundbites and JPEG images can be found at <http://about.usps.com/news/electronic-press-kits/our-future-network/welcome.htm>.

For reporters interested in speaking with a regional Postal Service public relations professional on this issue, please go to <http://about.usps.com/news/electronic-press-kits/our-future-network/usps-local-media-contacts.pdf>.

A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 150 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations. With 32,000 retail locations and the most frequently visited website in the federal government, usps.com, the Postal Service has annual revenue of more than \$67 billion and delivers nearly 40 percent of the world's mail. If it were a private sector company, the U.S. Postal Service would rank 29th in the 2010 Fortune 500. Black Enterprise and Hispanic Business magazines ranked the Postal Service as a leader in workforce diversity. The

Postal Service has been named the Most Trusted Government Agency six consecutive years and the sixth Most Trusted Business in the nation by the Ponemon Institute.